

# Fund Bucket Project Definitions : Gifts, Sponsored Projects, & External Sales

## **Transactions Excluded from the Definitions**

The University administers **funds** it receives from third parties through various administrative units. For example: The Office of Student Finance administers tuition, the Budget Office administers legislative appropriations, the Department of Intercollegiate Athletics administers ticket sales to sporting events, and the Office of Technology Commercialization administers **funds** received in exchange for licenses to University technology.

The definitions in this document are intended to clarify the types of transactions which result in **funds** administered by the University's Foundations (i.e., University of Minnesota Foundation and Minnesota Medical Foundation), Sponsored Projects Administration ("SPA"), and the University's External Sales Office. As clarification, the payments received by the University in (A) through (L) (displayed on the right) do not fall within the definition of a Gift, Sponsored Project, or External Sale. As indicated previously, these payments and the activities generating them are administered by other units at the University.

The following activities are referred to as **excluded transactions**:

- (A) Room and board;
- (B) Instruction offered in the University's regular, extension, evening, or continuing education programs, including non-credit instruction (Indicator: A program conducted by Extension Services that contains one or more of the criteria for a Sponsored Project (e.g., cost sharing, matching funds, return of unused funds) may be more appropriately administered by SPA. In such instances, Extension Services (including 4-H) should consult with SPA regarding how best to proceed);
- (C) Services provided in the practicum aspects of the University's instructional programs, including **academic affiliations**;
- (D) Retail food and beverage services, including catering;
- (E) Admission to University sporting or entertainment events;
- (F) License for rights under a University patent, trademark, or copyright, including software support and maintenance;
- (G) Use, sale, or transfer of University real property;
- (H) Naming rights or athletic promotions and signage;
- (I) Sale of University equipment, fixtures, or supplies;
- (J) Delivery of health care services to individuals;
- (K) Delivery of veterinary care services to individual animals; and
- (L) Delivery of services by University to either Fairview or University of Minnesota Physicians.

Words in **bold italics** throughout this document have the meaning provided in the Glossary

## **Grey Areas and Questions about Definitions**

While the excluded transactions referenced above and the definitions on the next page attempt to create bright lines, grey areas may still remain. A gift, for example, that requires extensive financial reporting beyond that normally required to fulfill an obligation of good stewardship, may fit the definition of a Gift, but it might be administered more appropriately by SPA. To highlight these grey areas, an excluded transaction or a definition may contain indicators that are intended to provide guidance and factors to be considered by appropriate administrative units for resolving "grey area" transactions.

A transaction classification group with representatives from SPA, External Sales, and both University Foundations has been established to provide rapid input to faculty and administrators who are uncertain how to classify a given transaction. This group also has ready access to University counsel when needed. To obtain input from this group, send a copy of the proposed statement of work, budget and performance dates, contact information for the person most knowledgeable about the proposed transaction, and any other background information the requestor feels is pertinent to: [classification@umn.edu](mailto:classification@umn.edu). A classification decision or a request to obtain clarifying information will be provided to the requestor within 3 working days.

## Fund Bucket Project Definitions (Continued)

### Gifts, Sponsored Projects, & External Sales

Gift	Sponsored Project	External Sale
<p>“<b>Gift</b>” means a transaction involving the transfer of <b>funds</b> by a third party to the University without any requirement on the University’s part to provide the third party (i) any <b>direct economic benefit</b>, or (ii) a return of any unused <b>funds</b>.</p> <p><u>Indicator:</u> If a transaction that otherwise meets the definition of a Gift contains extensive financial reporting or programmatic requirements (e.g., milestones), the Foundations will consult with Sponsored Projects Administration to determine whether the Gift would be administered more appropriately by SPA.</p>	<p>“<b>Sponsored Project</b>” means a transaction, other than <b>excluded transactions</b>, involving the transfer of <b>funds</b> by a third party, other than an individual, to the University which meets any of the criteria set forth in (A) – (J):</p> <ol style="list-style-type: none"> <li>A. The University performs <b>research</b> for a third party under a fixed price or cost-reimbursement <b>contract</b>;</li> <li>B. The <b>contract</b> is for the performance of a clinical trial;</li> <li>C. The University performs <b>services</b> for the federal government or a department thereof (e.g., Department of Health and Human Services);</li> <li>D. The <b>contract</b> for the transaction is a <b>sub-award</b>;</li> <li>E. The <b>contract</b> is for <b>services</b> and requires the University to account for and return unspent <b>funds</b>;</li> <li>F. The University performs <b>services</b> that require prior approval or monitoring by a University institutional review board or committee, unless the <b>services</b> are funded by a gift or by departmental <b>funds</b>;</li> <li>G. The <b>contract</b> provides <b>funds</b> for a <b>training grant</b>; or</li> <li>H. The <b>contract</b> for <b>services</b> requires the University to provide cost sharing or matching <b>funds</b>.</li> <li>I. The University performs <b>services</b> for the State of Minnesota (or a department thereof) and the State of Minnesota desires that the <b>contract</b> be administered through SPA.</li> <li>J. The <b>contract</b> provides federal funds to the University for a building or capital equipment project.</li> </ol>	<p>“<b>External Sale</b>” means a transaction involving a transfer of <b>funds</b> from a third party to the University which meets all of the criteria set forth below.</p> <ol style="list-style-type: none"> <li>A. The <b>funds</b> are in exchange for (i) services performed by the University and any tangible goods produced as a result of such services; (ii) use of laboratory equipment; or (iii) a license to use information on University maintained databases.</li> <li>B. The transaction is not a Sponsored Project, Gift, or an <b>excluded transaction</b>; and ;</li> <li>C. The transaction is consistent with the scope, guiding principles, and criteria set forth in the Board of Regents <i>Policy on Direct Sales of Goods and Services</i></li> </ol>

#### Glossary

“**academic affiliation**” means a documented affiliation with another entity a purpose of which is the sharing of resources, facilities, educators in furtherance of an educational program.

“**contract**” means a written agreement between two or more parties creating obligations that are enforceable at law.

“**direct economic benefit**” includes the transfer of intellectual property, data rights, and marketing and licensing rights.

“**excluded transactions**” means the activities listed in I (A)-(L).

“**funds**” means money or property, including real property (e.g., land or buildings) or personal property (e.g., equipment)

“**research**” means (i) a systematic study intended to increase generalizable scientific knowledge or scholarly understanding; or (ii) a systematic study intended to determine or exploit the potential of new knowledge for improvements in technology, materials, processes, methods, devices (including design and development of prototypes), or techniques.

“**services**” as used in the definition of Sponsored Projects may include research, training, and public service/outreach activities.

“**sub-award**” means a contract with a sub-recipient performing a portion of the scope of substantive programmatic work (i.e., beyond mere analytical work-for-hire) covered by a prime award.

“**training grant**” means a grant of funds to the University to develop or enhance research training opportunities for individuals, selected by the University, who are training for careers in specified areas of research or scholarly inquiry. Under the terms of such grant, the University must account to the third party for use of the funds, must return unused funds, and/or must report the results of research or other scholarly inquiry undertaken by the trainee.